SENATE BILL REPORT SB 5071

As of January 25, 2001

Title: An act relating to tax incidence information and reporting.

Brief Description: Requiring tax incidence information and reporting.

Sponsors: Senators Kline, Finkbeiner, Franklin, Swecker, Haugen, Hale, Costa and Patterson.

Brief History:

Committee Activity: State & Local Government: 1/25/01.

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Staff: Eugene Green (786-7405)

Background: The Office of Financial Management provides, upon request, fiscal notes on the expected impact of bills and resolutions which increase or decrease or tend to increase or decrease state government revenues or expenditures. Fiscal notes must indicate by fiscal year the impact for the remainder of the biennium in which the bill or resolution will first take effect as well as a cumulative forecast of the fiscal impact for the succeeding four fiscal years. Fiscal notes also separately identify the fiscal impacts on the operating and capital budgets.

Summary of Bill: The Office of Financial Management must, in cooperation with appropriate legislative committees and legislative staff, establish a procedure for the provision of incidence notes for any bill or proposal that increases, decreases, or redistributes state government revenues by more than \$5 million per fiscal year, for any one of approximately 20 designated state and/or local taxes. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or resolution, the note must report on the incidence effects that would result if the bill were enacted. An incidence analysis must use the broadest measure of economic income for which reliable data is available. An impact note must indicate the incidence impact for the first full year in which the bill or resolution will be effective. Request and distribution of an incidence note are the same as for a fiscal note.

In January of every odd-numbered year, the Department of Revenue must submit to the Legislature before the regular session a report on the overall incidence of each of the designated state and/or local taxes. The report must present information on the distribution

of the tax burden (a) by overall income distribution, (b) by income classes, and (c) by other appropriate taxpayer characteristics.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.